GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1281
ANSWERED ON:07.03.2008
REDUCTION IN SUBSIDY ON OIL
Meinya Dr. Thokchom;Sarma Dr. Arun Kumar

Will the Minister of FINANCE be pleased to state:

(a) the present status of Oil Pool Deficit;

(b) the manner in which the Government is planning to handle this humungous problem;

(c) whether the Ministry is contemplating any reduction/rationalisation in the subsidy on petrol, diesel, kerosene and domestic LPG;

(d) if so, the details thereof; and

(e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI PA WAN KUMAR BANSAL:)

(a) to (e): With the dismantling of the administered price mechanism w.e.f. April 1, 2002, the Oil Pool Account stands abolished. However, Public Sector Oil Marketing Companies (OMCs) are incurring `under recoveries` on domestic sale of petrol, diesel, PDS Kerosene and Domestic LPG, in view of the high international prices of these products without corresponding increases in retail prices. The gross `under recoveries` of Oil Marketing Companies (OMCs) on sale of these products for the period April-December, 2007 is estimated by Ministry of Petroleum & Natural Gas at Rs 47,619 Crore. With a view to insulate consumers from the full impact of international price increases, the `under recoveries` are being subvented through a series of measures which include, inter alia, issue of Oil Bonds, contribution by upstream Oil Companies, rationalization of Central Taxes on sensitive petroleum products along with modest increases in retail prices of petrol and diesel with effect from February 15, 2008.